

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE STANDARD CHANGES, 2012

Docket No. N2011-1

**UNITED STATES POSTAL SERVICE NOTICE OF FILING
LIBRARY REFERENCES USPS-LR-N2012-1/38 AND USPS-LR-N2012-1/NP5
(December 9, 2011)**

The Postal Service files the material indicated below in this proceeding in support of the Direct Testimony of Frank Neri on Behalf of the United States Postal Service (USPS-T-4):

USPS-LR-N2012-1/38 Outgoing Secondary Workload Data

USPS-LR-N2012-1/NP5 Outgoing Secondary Workload Data (Non-Public)

These library references contain workload data that supports the table on page 18 of the USPS-T-4 testimony. The non-public version contains facility-specific volume information that the Postal Service regards as commercially-sensitive and proprietary information that should not be released into the public domain. Accordingly, it is providing the data in USPS Library Reference N2012-1/NP5. An application for non-

public treatment of USPS Library Reference N2012-1/NP5 is attached to this Notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business

James M. Mecone
Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-6525; Fax -5402
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APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF LIBRARY REFERENCES

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) applies for nonpublic treatment of certain data filed under seal with the Commission.

The materials covered by this application consist of data that reveal fiscal year 2010 volumes of First Class Mail flats that originate and/or are delivered in the service area of specific Processing & Distribution Centers (or Processing & Distribution Facilities). Alternatively, the data consist of facility-specific workload and operations data from which the relative magnitude of facility-specific First Class Mail flat volumes may reasonably be deduced.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the requested information filed non-publicly in this docket falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their nonpublic treatment.

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The data designated as nonpublic consist of (a) commercial information revealing the volumes of First Class Mail flats originating or delivered within the service areas of specific postal mail processing facilities or (b) operational data revealing the resources associated with First Class Mail flat workload at specific mail processing plants which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated volume data reflecting the originating or destinating volumes for specific market or service areas, or operational data that would permit competitors to deduce the relative volume levels associated with specific markets or delivery areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).²

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

None.

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, March 20, 2009, at 11.

(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;

The responsive data consist of the volumes of FY 2010 First Class Mail flats that originate within or are delivered within the service area of specific postal mail processing facilities. Or the data reveal facility-specific postal resources and workload associated with First Class Mail flats processing at particular mail processing plants.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the protected information or information of a similar character or level of disaggregation were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. This information is clearly commercially sensitive to the Postal Service as a competitor in the flat-shaped mail delivery market. Revelation of the volume of First Class Mail flats originating or delivered within a particular market, as defined by the service area of a specific P&DC or P&DF, would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the flat-shaped mail delivery market in specific service areas,
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with First Class Mail flats.

In the absence of facility-specific volume data, postal competitors with access to data reflecting facility-specific resources associated with First Class Mail flats processing operations could still obtain valuable insight regarding the likely relative

magnitude of First Class Mail flats volume in different markets, as defined by the service areas of specific mail processing plants, to the economic detriment of the Postal Service.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Identified harm: Public disclosure of the First Class Mail flats volume or operational data in library reference N2012-1/NP5 would be used by competitors of the Postal Service to the detriment of the Postal Service.

Hypothetical: A competitor's representative obtains access to the data in Library Reference USPS-LR-N2012-1/NP5. It analyzes the data to assess the nature and scale of that portion of the Postal Service's delivery business consisting of First Class Mail flats originating in a particular market in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its product offerings, prices, operations and marketing activities to compete for the volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar access to data regarding its competitors' volumes.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys.

Additionally, the Postal Service believes that actual or potential customers of the Postal Service for competitive products should not be provided access to the nonpublic materials.

(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the above-described materials appearing in library reference N2012-1/NP5.